ACTION SHEET
PUBLIC UTILITES COMMITTEE MEETING OF 5/6/15

ISSUE NO. 28

Request for approval of Resolution No. 2015-_____. A resolution relating to the Municipal Capital Outlay Gross Receipts Tax ordinance, Section 18-18 SFCC 1987 and management of the City's water utility's finances; directing staff to evaluate the allocation and expenditure of the municipal capital outlay gross receipts tax dedicated to water systems and facilities so that the governing body may develop a plan to make the water utility enterprise financially self-sustained and determine whether to eventually amend the dedication provision of Section 18-18 SFCC 1987. (Oscar Rodriguez) (Councilor Maestas)

Finance Committee – 5/4/15 Postponed to 5/18
Public Utilities Committee – 5/6/15
Finance Committee – 5/18/15
City Council – 5/27/15

PUBLIC UTILITES COMMITTEE ACTION: Pulled by Councilor Bushee.

SPECIAL CONDITIONS OR AMENDMENTS: Friendly amendments by Councilor Bushee and Councilor Ives. Please see attached amendments.

STAFF FOLLOW UP:

VOTE:	FOR	AGAINST	ABSTAIN
COUNCILOR RIVERA, CHAIR	Excused		
COUNCILOR MAESTAS	X		
COUNCILOR BUSHEE	X		
COUNCILOR DIMAS	Excused		
COUNCILOR IVES	X		

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2015-___

Gross Receipts Tax Dedication Provision (Water)

SPONSOR(S): Councilor Maestas

SUMMARY: The proposed resolution relates to the Municipal Capital Outlay Gross Receipts Tax Ordinance, Section 18-18 SFCC 1987 and management of the city's water utility's finances. It directs staff to evaluate the allocation and expenditure of the municipal capital outlay gross receipts tax dedicated to water systems and facilities so that the Governing Body may develop a plan to make the water utility enterprise financially self-sustaining and determine whether to eventually amend the dedication provision of Section 18-18 SFCC 1987.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: April 23, 2015

ATTACHMENTS: Resolution
FIR

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-____

INTRODUCED BY:

Councilor Joseph Maestas

A RESOLUTION

RELATING TO THE MUNICIPAL CAPITAL OUTLAY GROSS RECEIPTS TAX ORDINANCE, SECTION 18-18 SFCC 1987 AND MANAGEMENT OF THE CITY'S WATER UTILITY'S FINANCES; DIRECTING STAFF TO EVALUATE THE ALLOCATION AND EXPENDITURE OF THE MUNICIPAL CAPITAL OUTLAY GROSS RECEIPTS TAX DEDICATED TO WATER SYSTEMS AND FACILITIES SO THAT THE GOVERNING BODY MAY DEVELOP A PLAN TO MAKE THE WATER UTILITY ENTERPRISE FINANCIALLY SELF-SUSTAINING AND DETERMINE WHETHER TO EVENTUALLY AMEND THE DEDICATION PROVISION OF SECTION 18-18 SFCC 1987.

WHEREAS, Section 18-18 SFCC 1987 imposes on any person engaging in business in the City of Santa Fe, for the privilege of engaging in business, an excise tax equal to one-fourth of one percent (.25%) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or as it may be amended; and

WHEREAS, Subsection 18-18.4 SFCC 1987 dedicates the revenue from the municipal

capital outlay gross receipts tax for water systems and facilities including, but not limited to, the development, design, planning, permitting and construction of, and improvements to, new and existing direct diversion projects, water treatment plants and water system infrastructure; the purchase of water rights and rights-of-way for water related facilities; and expenditures related to other water or water-related projects; and

WHEREAS, the Governing Body desires that the water utility enterprise eventually sustain itself financially entirely from operating revenues and not have to depend on the Environmental Gross Receipts Tax,

WHEREAS, the Governing Body desires that state develop a detailed plan and formal financial policy to ensure the utility eventually achieves financial self-reliance.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE that staff is directed to evaluate the allocation and expenditure of Municipal Capital Outlay Gross Receipts Tax designated for the water systems and facilities so that the Governing Body may adopt a plan to make the water utility enterprise financially self-sustaining and determine whether to eventually amend the dedication provision of Section 18-18 SFCC 1987.

BE IT FURTHER RESOLVED that such evaluation shall include a complete accounting of general fund support to the public utilities department, including, without limitation, solid waste facilities, water facilities, wastewater facilities, sewer systems and related facilities and an accounting of said enterprises' transfers to the general fund.

BE IT FURTHER RESOLVED that staff shall develop and present to the Governing Body a fund transfer policy; a working capital policy for all utilities; a financial plan to make said utilities self-sustaining; a plan to raise general fund operating and maintenance revenue by a commensurate amount should the Governing Body determine to eliminate the water capital outlay gross receipts tax; and a capital improvements plan utilizing such revenue.

BE IT FURTHER RESOLVED that staff shall recommend the said financial policies in

time to be incorporated into the FY 2015-2016 Budget Plan.

BE IT FURTHER RESOLVED that staff shall report their findings of said accounting of transfers between the utility enterprises and the general fund and a comprehensive plan for making the utility enterprises self-sustaining to the Governing Body within 180 days of adoption of this resolution so that the Governing Body may consider adopting said plan determine whether there is a need to amend the dedication provision in 18-12.5 SFCC 1987 or take other action in accordance with such report.

PASSED, APPROVED and ADOPTED this _____ day of _____, 2015

_____

JAVIER M. GONZALES, MAYOR

ATTEST:

_____

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

Kelley A. Brennan

KELLEY A. BRENNAN, CITY ATTORNEY

Legislation/Resolutions 2015/Gross Receipts Tax (18_18_4)

FIR No. 2654

City of Santa Fe
Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: _____ Resolution: ___X___

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): **A RESOLUTION RELATING TO THE MUNICIPAL CAPITAL OUTLAY GROSS RECEIPTS TAX ORDINANCE, SECTION 18-18 SFCC 1987 AND MANAGEMENT OF THE CITY'S WATER UTILITY'S FINANCES; DIRECTING STAFF TO EVALUATE THE ALLOCATION AND EXPENDITURE OF THE MUNICIPAL CAPITAL OUTLAY GROSS RECEIPTS TAX DEDICATED TO WATER SYSTEMS AND FACILITIES SO THAT THE GOVERNING BODY MAY DEVELOP A PLAN TO MAKE THE WATER UTILITY ENTERPRISE FINANCIALLY SELF-SUSTAINING AND DETERMINE WHETHER TO EVENTUALLY AMEND THE DEDICATION PROVISION OF SECTION 18-18 SFCC 1987.**

Sponsor(s): Councilor Maestas

Reviewing Department(s): Finance Department

Persons Completing FIR: Jesse Guillen/Oscar Rodriguez, Date: 4/22/15 Phone: 955-6518/955-6530

Reviewed by City Attorney: Kelly A. Brennan (Signature) Date: 4/23/15

Reviewed by Finance Director: [signature] (Signature) Date: 4-23-2015

Section B. **Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

This resolution would direct staff to evaluate the dedication provision provide for in Section 18-18 SFCC 1987 specifically designated for water systems and facilities. Evaluate if the GRT provided is being used in the way designated by ordinance.

Section C. **Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)

b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)

c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)

b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required

c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs

d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns

e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: _____

____X____ Check here if no fiscal impact

Column #: 1	2	3	4	5	6	7	8
Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
Personnel*	$_____	_____	_____	$_____	_____	_____	_____
Fringe**	$_____	_____	_____	$_____	_____	_____	_____
Capital Outlay	$_____	_____	_____	$_____	_____	_____	_____
Land/ Building	$_____	_____	_____	$_____	_____	_____	_____
Professional Services	$_____	_____	_____	$_____	_____	_____	_____
All Other Operating Costs	$_____	_____	_____	$_____	_____	_____	_____
Total:	$_____			$_____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #: 1	2	3	4	5	6
Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
_____	$_____	_____	$_____	_____	_____
_____	$_____	_____	$_____	_____	_____
_____	$_____	_____	$_____	_____	_____
Total:	$_____		$_____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

No impact

==========

Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

No conflict

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Municipal Capital Outlay GRT would continue to be used for supporting water systems and facilities.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

No conflict

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The resolution will not cost more staff time or funding. The tasks being called for will be completed with existing resources within Finance's and the Utility's current work plans.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08